ROOM FOR GROWTH

The EU Data Strategy through the lens of CEE start-ups

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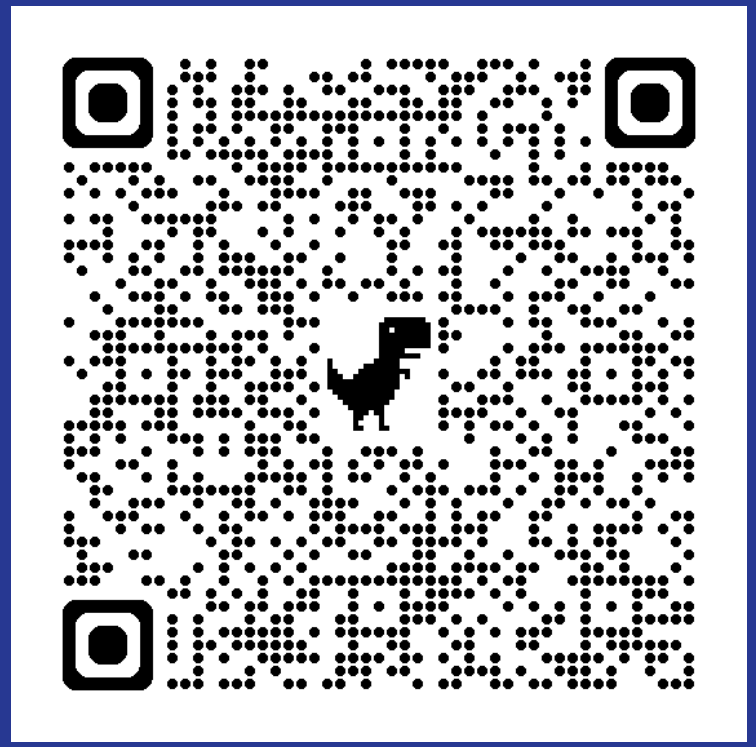
Survey

THE IMPACT OF EU DATA STRATEGY REGULATIONS ON CEE STARTUPS

What policymakers and regulators could do to help them



1. GENERAL IMPACT

Negative: 54.6%
Positive: 36.4%
Neutral: 9.1%

2. IMPACT ON OPERATIONAL COSTS

Moderate: 27.3%
Significant: 9.1%
Slight: 45.5%
No impact: 18.2%

3. PERCEIVED COMPLEXITY

Very/moderately complicated: 81.9%
Slightly complicated: 9.1%
Not complicated at all: 9.1%

4. WAS RELOCATION CONSIDERED?

Wasn’t considered: 68.2%
Was considered: 27.3%
Delayed entry: 4.5%

5. EFFECT ON INNOVATION POTENTIAL

Negative: 63.6%

Positive and negative: 18.2%

No impact: 13.6%

6. FREQUENCY OF INTERACTIONS WITH REGULATORS

Often: 9.1%

1-2 times per year: 45.5%

<1 time per year: 4.5 %

No interactions at all: 40.9%

7. EXPERIENCES WITH NATIONAL REGULATORS

Positive: 9.1%

Neutral: 45.5%

Negative: 4.5%

No interactions: 40.9%

REQUESTS & RECOMMENDATIONS

1. More simplicity in regulation and reporting processes
2. ‘One-stop shop’ among national regulators: horizontal skills; AI – powered tools
3. Enhanced cooperation between EU and national regulators
4. Exemptions for start-ups in their early phases
5. Regulatory pause *(‘learn from the US’)*
6. More incentives for start-ups *(practical recommendations, good practice examples, sandboxes)*
7. Narrow the scope of personal data
8. Rebalance data subjects’ access rights

UNEDITED THOUGHTS FROM CEE START-UPS’

GDPR AS THE MAIN CONCERN

Since every detail of our product features must now be aligned with legal teams to ensure full compliance, our product roadmap has been slowed down. This added layer of legal scrutiny impacts our agility in implementing new features, which sometimes delays time-to-market for our clients

INCREASED COSTS

This means not only keeping our systems compliant but also building real-time updates and dynamic rule adjustments into our workflows to ensure our users can respond immediately to changes in the law. These regulatory pressures have increased operational costs due to the need for constant updates, enhanced security, and maintaining a flexible infrastructure

MINIMAL ROLE IN EU POLICY DEBATES

I was part of a delegation of startups that went to the EU Parliament to talk about the AI Act and I can tell you that startup founders do not have the time to read hundreds of pages of legislation and also do not have enough money to hire new lawyers specialized in this

THE EU VS THE REST OF THE WORLD

We try to avoid the EU market if possible

As a result, we chose to focus on markets with less complex regulatory landscapes, allowing us to allocate resources towards innovation and growth. While the EU market remains important, we plan to revisit it at a later stage, once we have the capacity to handle the associated regulatory demands more effectively

POSITIVE IMPACT ON INNOVATION

Regulations are always seen as something that can potentially hinder innovation. In my opinion, secure frameworks create robustness and thus innovations can be built more solid and avoid pitfalls

NEGATIVE IMPACT ON INNOVATION POTENTIAL

The complexity and cost of compliance can hinder innovation, as startups have limited resources and are forced to prioritize legal and regulatory requirements over product development and scaling. The lack of a truly functioning Digital Single Market also makes it harder for startups to scale across borders, limiting their ability to innovate on a larger scale

NO HARD FEELINGS TOWARDS NATIONAL AUTHORITIES

They seem supportive

NEED FOR CLEAR(ER) GUIDANCE

It seems that authorities are not confident enough or do not know the answers or how to explain regulations because almost every time the answers are not concrete and can be interpreted differently, so the companies are left on their own to make decisions and take the risk